Green ministry denies nod for NMDC’s mine

Hyderabad, Jan. 29: The ministry of environment and forests (MoEF) has rejected clearance to one of the iron-ore mines of state-owned NMDC in Bailadila in Chhattisgarh, a senior official of the company said.

“The file (for forest clearance of the mine) has been returned, may be due to misrepresentation or something like that,” NMDC director (finance) Mr S. Thiagarajan, said. He added that the Chhattisgarh government has taken up the issue with the MoEF and a positive outcome is expected in three months. “Now that the state government has taken up the issue, it will take three months to resolve the issue. We have also written to the ministry,” he said.

The ministry in the second week of January rejected clearance for the Bailadila iron ore deposit-13 consisting 413.74 hectare, he said, adding that NMDC had applied for the forest clearance on October 15, 2008.

He, however, added that although the mine falls under forest area, clearance can be given with some conditions. NMDC formed a joint venture, NMDC-CMDC Ltd, with Chhattisgarh Mineral Development Corp (CMDC) to develop the mine as a standalone project of 10 million tonnes per annum capacity.

The company found the quality of ore is good and without ministry’s clearance the miner cannot go for detailed drilling, he said.

“We have done exploration and found everything was fine. But if you want to have detailed drilling, you may have to cut some trees. Once they give clearance, we will work on the remuneration of trees and other things,” he said. — PTI
SC defers Niyamgiri mining hearing

The Supreme Court on Monday deferred hearing on the petition challenging cancellation of the environmental clearance bauxite mining project of Sterlite Industries in Niyamgiri. The court has fixed April 9 as the next date of the hearing.
Jairam refuses any new mining lease in Saranda

SANTOSH NARAYAN III RANCHI

Union Minister for Rural Development Jairam Ramesh clearly and categorically advocated not to issue any fresh licence for mining in the iron ore rich Saranda area. The Minister also divulged that several such applications had come when he was heading the Forest and Environment Ministry but declined to give his nod on any of them except to the Steel Authority of India Limited (SAIL).

"Entire world is keeping a hawk eye on Chitria mines. It is a well known fact. When I was in the office I declined all of them and allowed only the SAIL as they have few mines with them earlier and are bound with some public obligations. I wrote against the private companies in the file as well. Now I cannot say what will happen now as I am not in the Ministry. But I am personally against any mining lease to private company in the dense Sal forest area," said Ramesh addressing media persons after returning from Saranda on Monday.

He also added that he may raise the issue in the Cabinet meetings and tender some suggestions to the MoEF in this regard as taking tribal land for commercial purposes had been turning out a sensitive issue. Ramesh stressed that tribal had been alienated from their lands and this had given birth to the trust deficit between them and the Government.

"Relation between Forest officials and tribals has been extremely stressful and implementation of the Forest Rights Act in its true letter and spirit has not been there. Cases have been slapped against tribal and anxiety has developed amongst them about the system. I should admit here that the officials were against the giving forest rights to forest dwellers but I pursued them as the FRA became a reality," added the Minister.

Sighting latest figures, he said that only 16,840 individual land rights had been given in Jharkhand that comprises 9,500 hectares. "It is very less in the State in comparison with Orissa and Chhattisgarh. Allotment of community rights has been poor throughout the country," said Ramesh.

The Minister also admitted that tribal land plots were taken away legally or illegally but in most of the cases no proper relief and rehabilitation measures were executed leaving the primitive residents in peril. "These issues fuel naxalism as they provoke tribal saying that it is what the Government has done for you."

Talking about his Saranda visit, the Minister said that the Saranda Action Plan could become a role model for the entire country. "West-South Jharkhand and parts of Chhattisgarh are the worst naxal affected areas of the country. Some small steps have been taken in Saranda and if implemented properly it could become a role model for the country. Programmes like this can also be started in the other areas of the State like Garhwa, Simdega, Palamau and Latehar in the days to come," he said.

Ramesh also met CM Arjun Munda and issues like building roads under PMGSY, extensive spread of watershed development programme and conduction of fresh BPL survey were discussed. "I am happy that the State has built about 2,000 km of rural road under PMGSY this year the Centre is providing Rs 650 crore for this," he said.
Balmerol– Meeting the challenges of mining operations

Balmerol has been expanding its business globally, and it is particularly excited about its recent success in the Indian market. The company has been able to meet the increasing demand for minerals and metals in India, and it has been able to do so while maintaining high standards of quality and safety. Balmerol has been able to do this by continuing to invest in new technologies and by working closely with its partners to ensure that it is able to meet the challenges of mining operations.

One of the key challenges facing the mining industry today is the need to be able to operate in increasingly remote and challenging environments. Balmerol has been able to meet this challenge by investing in new technologies that allow it to work in these environments. For example, the company has been able to develop new equipment that allows it to operate in areas that would have previously been inaccessible.

In addition to the technical challenges, Balmerol also faces challenges related to the management of its operations. The company has been able to meet these challenges by investing in new management systems and by working closely with its partners to ensure that it is able to meet the needs of its customers.

Balmerol has been able to successfully navigate these challenges, and it is well positioned to continue to grow in the future.
लघु खानन से रोक हटाने पर जोर

सुप्रीम कोर्ट में 6 फरवरी को फिर होगी सुनवाई विज्ञापन भाषकर नहीं होगी।

हिरकरण में पांच हैंटर्स से कम भुगतान में लघु खानन के राजस्थान के प्रशासन पर लगाई गई रेखा को लेकर सुप्रीम कोर्ट में सया लगाया करना पूरी तरह हो रहा है।

राजस्थान वर्क को बड़े सुनवाई के बाद आज देश में समायात्मक के कारण मानने की सुनवाई अपने सोमवार (6 फरवरी) तक के लिए स्थगित कर दी।

इसके पहले राजस्थान सरकार की ओर से विचार करते हुए बारेरी अभियंता गोरार जयस्वामी ने संबंधित कुरत के स्वदेश ने लघु खानन पर लगाई गई अदालती रेखा अटकने की आवश्यकता पर जोर दिया।

नामांकन विभाग ने कहा कि फौजी नन्द वर्कियों में संयुक्त संयुक्त एसोसिएशन सेक्तिकी के दिशा-निदेश पर लघु खानन (पांच हैंटर्स से कम भुगतान) पर लघु नहीं होगी। हिरकरण राज्य के नीति विकास पर लघु खानन के लिए नीति बनाने भी जिम्मेदार रहेंगे ही।

सुप्रीम कोर्ट को हिरकरण विभाग के अनुसार किसान के राजस्थान से कम भुगतान के लिए बढ़ते हुए भुगतान में समय लगाना की आवश्यकता हो रही है।

रेखा के दुल्हन रेखा, रेखा, बाँट पुर समेत सभी मजदूरों की भुगतान समायात्मक के दम आगमन चुर रहे हैं।

सुप्रीम ने कहा कि फौजी
MINT, Delhi
Tuesday, 31st January 2012, Page: 11

Vedanta’s bauxite case hearing in April

New Delhi: The Supreme Court will like-
ly have a final hearing of Vedanta
group's bauxite mining case in Orissa's
Niyamgiri Hills on 9 April, a lawyer con-
ected with the case said on Monday.

Orissa Mining Corp. Ltd (OMC), the
joint venture partner of Vedanta's unit
Sterlite Industries India Ltd since
2009, had petitioned the Supreme
Court last year against the ministry of
environment and forests that rejected
grant of stage-II forest clearance for
diversion of 660.749 ha forest land for
mining.

MUKHBA SARGH &
NIKHIL KANEKAL @
It is ironical that the third largest coal producing country in the world, holding the fifth largest reserves, is unable to meet even its domestic demand.

Renuka Vembu finds what impedes the Indian coal mining industry and corrective actions that can define the future.

**THE NEXT BIG BET**

**MINES AND MINING**

Our country is endowed with some of the best coal rich expanses of land—Jharkhand in Jharia, Jharkhand; Raniganj in West Bengal; Singrauli and Umaria in Madhya Pradesh, Bilaspur in Chattisgarh, Ranchi in Jharkhand and Chandrapur in Maharashtra. In fact, the four states of Chattisgarh, Orissa, Jharkhand and West Bengal together account for a whopping 80% of the coal reserves and resources in the country.

Coal reserves from these districts are discovered, extracted, developed and then sold in the market for commercial, industrial and domestic use. Since most of these deposits are found near the surface, coal mining is predominantly done in the form of open pit mining. Open-cast or surface mining forms 80% of mining in India and Australia and 67% in USA and nearly 90% of the coal reserves can be recovered under this method. It involves use of high-end machinery and equipments like draglines, power shovels, large trucks, bucket wheel excavator sand conveyors.

The other process is in underground mining. It involves use of high-end machinery and equipments like draglines, power shovels, large trucks, bucket wheel excavator sand conveyors. The other process is in underground mining. It involves use of high-end machinery and equipments like draglines, power shovels, large trucks, bucket wheel excavator sand conveyors.

**CHALLENGES PLAGUING THE INDUSTRY**

There are many hurdles that mar the prospects of the coal mining industry:

- The coal found in the mines are often of inferior quality, characterised by high ash content and not suitable for high performance steel industry. This translates into dependence on imports from countries like Indonesia and Australia for high-quality coal. This has proved to be an expensive proposition and the government has spent almost $7,000 million in importing coal in 2010-11 alone.
- According to the 2010 BP Statistical Energy Survey, India had coal reserves of 58600 million tons, 7.5% of the world total in 2009. But in spite of these huge reserves, availability within the country the coal mining industry is in doldrums, and the demand-supply mismatch is widening. The 2011-12 demand for coal stands at 600 million tonnes, while domestic production at 564 million short of the target by 142 million. At the end of the 12th Plan period, the demand is expected to rise to 900-1000 million, while the domestic output is estimated at 700 million, the gap left to be filled by imports. R.K. Pachauri, Director-General, TERI, in a seminar highlighted that by 2030, India would be importing 1.400 million tonnes of coal and 790 million tonnes of oil which could cost the country 20% of its gross domestic product.
- The picture is indeed grim. Coal Minister Sriprakash Jaiswal admits that the biggest problems in coal mining relate to land acquisition, forest and environmental clearances and issues of law and order related to Naxalite. Infrastructure—lack of proper road connectivity, railway wagons, availability of power, port facilities, have put brake on the growth of this industry. A point in case in point is that while the industry needs 190 rakes, it gets only 172 wagons for transportation. Private players obtain leases for captive mines but production is stymied by environmental hurdles.
- India is yet another grey area. As per data available, labour constitutes 40% of the total cost of production and thus production costs in India are 35% higher as compared to countries like Australia, Indonesia and South Africa.

- And one of the biggest issues that has recently stemmed up is the standoff between the coal ministry and the environment ministry pertaining to ‘no-go areas’. As of December 2011, 202 areas were classified as no-go with reserves of about 600 million tonnes held up unexploited.
Recent Price Spurt Limits Further Upside, for Now

The market appears to have been carried away by the performance of India’s largest iron ore miner—Sesa Goa—in the December quarter. The stock ran up 1% in just two sessions, and at ₹214, all the positive news appears to have been factored into the price. Though its revenue rose 15%, its earnings per share declined 36%. Considering all the regulatory issues, the company’s profit for the nine months to December 2011 is less than half its annual profit in March 2011. With just two months left for the fiscal to end, investors should brace themselves for a possible dip of 35% in annual profits.

Higher iron ore prices in the international market, coupled with a weak rupee, helped Sesa Goa improve average realisations on the iron ore it sold. Sales from Goa, from where it earns about four-fifths of its revenue, were 17.6% higher than last year. Overall, volumes for Q3 were better than expected as it sold 0.64 MT of its inventory through e-auction in Karnataka. However, it now has an inventory of 0.10-0.15 MT in the state, where iron ore mining is currently banned, and hence, will find it hard to sustain volume growth.

Spot iron ore prices at $154.5/tonne are still about 5% higher than January 2011 prices.

Operating profit declined 26% on account of the 29% export duty. The additional 10% increase in this duty is likely to further erode profits in the coming quarters. Consolidated net profit declined 36% on account of the forex loss to ₹691.52 crore. This is after accounting for the ₹121.93 crore it earned from its 20% holding in Cairn India.

At the end of December 2011, Sesa Goa’s total debt stood at ₹4,381 crore, which is 0.22 times its shareholders’ equity. It currently trades at a price which is 6.19 times its trailing 12 months earnings. This is expensive given the near-term concerns, which include the mining ban in Karnataka and the verdict of the ongoing inquiry into illegal mining in Goa.

crystal.barretto@timesgroup.com
NMDC eyes more buys in Australia

New Delhi

After acquiring Australian firm Legacy Iron Ore last year for about Rs 92 crore, NMDC is eyeing to acquire two more properties – Ridley iron ore deposit of Atlas Mining and Wonarrah phosphate reserve of Minemakers Ltd – in the island continent.

"The due diligence for both the properties are on... it will take about one or two months to complete the process," a source said.

The Ridley project, 100% owned by Atlas Mining, contains 970 million tonnes of high grade iron ore reserves and can produce 330 million tonnes of ore with 68.3% Fe content for over 30 years. The other targeted property, Wonarrah deposits of Minemakers, is one of the largest under-developed phosphate reserves in Australia, with an estimated resource of 1.25 billion tonnes at 12% phosphate.

NMDC had signed an MoU with Minemakers in June, 2011, for buying 50% stake in Wonarrah phosphate deposits. The Indian miner will be using Legacy, which was acquired last year, for both the acquisitions, the source said, adding that the Australian arm is in advanced talks for AUD 200 million line of credit to fund the acquisitions and other mine development programmes.
Mining Congress
Chairman's message

"The global slowdown on the economic front notwithstanding, the Asian nations have shown remarkable resilience in weathering the storm underpinned by their mineral economy. While China, India and Russia belong to the BRICS, major strides in mineral development have been witnessed from many nations of Asia, notably Mongolia, Kazakhstan, Iran and Vietnam.

The 4th Asian Mining Congress will strive to undertake an in-depth study of the issues of sustainability of the mineral industry and the drivers of growth. The keynote papers will highlight the developments in Indian minerals sector and the two panel discussions will thrash out the concerns of the mineral industry vis-à-vis stringent laws relating to environment and, implications of the MMDR bill for the future of the industry.

With some 54 papers from Austria, Australia, Iran, Mongolia and India, the 4th Asian Mining Congress promises to be an exciting event contributing to a re-surgent and sustainable mineral industry in Asia."

Prof. Ajay K. Ghose, FNAE Chairman, Organising Committee, 4th Asian Mining Congress
Talking point: IME 2012

Pratim Ranjan Bose

The 4th International Mining Exhibition (IME-2012), organised jointly by the Mining, Geological and Metallurgical Institute of India (MGMII) and Tafcon and running concurrently with the 4th Asian Mining Congress in Kolkata, comes at a time when mining industry is faced with a plethora of issues concerning environment, land acquisition, rehabilitation of the affected population, evacuation logistics and others.

Despite being one of the largest sources of minerals worldwide, such issues have come in the way of ensuring optimal extraction of such resources. Coal mining is a case in point where delays in clearing new projects or lack of policy overdrive resulted in stagnating coal output by Coal India Ltd in the last couple of years. This has created fuel supply constraints for both existing and new power plants which have come up during the XI Plan period.

Incidentally, India invested a mammoth $130 billion – including $60 billion by private sector – in power generation sector in the Plan XI. Ironically returns on bulk of this huge investment, has now become uncertain simply due to non-availability of domestic coal. Import is never a sustainable answer as it would add up to the cost of power impacting the rest of the economy.

It was expected that proposed amendment in Mines and Minerals (Development and Regulation) Act should help addressing issues throttling the growth of the sector. However, as in its current form, as is approved by the Union Cabinet the Bill has perhaps raised more concerns, for the sector. While there is little doubt that the mining sector should have a more human face, to ensure participation of larger section of population in the mining belt, who were unfortunately long deprived of the benefits of a modern India.

Case in point is the political thoughts and aspirations concerning amendment of MMDR and Land Acquisition. Together such amendments, as is perceived or promoted by politics at this juncture, may raise more concerns than addressing issues to optimise growth of the sector. It is expected that the theme: “Sustainable Mining in Asia- Challenges and Opportunities” for the 4th Asian Mining Congress will able to address such issues and make policy makers amend their ways.
India’s mineral wealth must enrich all stakeholders

The contribution of the mineral sector to the country’s GDP is envisaged to grow to over 7 per cent in the next two decades from about 2.5 per cent at present. If the Indian economy will grow at 9 per cent per annum over the 12th Plan period and beyond, the demand for metals and minerals will grow four to five times by 2030.

It is indeed paradoxical that the mineral-rich States such as Jharkhand, Orissa and Chhattisgarh have a lower per capita GDP compared to the country’s average GDP of $1,070. This clearly highlights the need to ensure that the benefits of mining-related activities, as the potential of the minerals sector is underutilised in the coming years, percolate down to the local communities (including the tribal areas where development is the lowest).

It has been estimated that if the potential of the Indian mining sector is unlocked, it could add around $200-250 billion to the country’s GDP and create 18-15 million direct and indirect jobs by 2025.

The priority areas for making this happen are:
- Enhancing the resource and reserve base through exploration and international acquisition
- Reducing permitting delays
- Putting in place the requisite infrastructure, human capital and appropriate technologies
- Creating a suitable and sustainable development framework for the mining sector
- Giving shape to an information, education and communication strategy
- Outlining measures for strategy implementation

Policy measures, to be feasible and progressive, will have to be benchmarked to international trends in the mineral sector. These are:
- Demand for minerals is rising faster than their availability which puts upward pressure on commodity prices. According to the strategy paper of the Ministry of Mines, demand for iron ore is expected to grow by 2-5 per cent over the next 10 years. In addition, inadequacies of infrastructure and human capital are constraints to growth of sector.
- The exploration and mining companies have grown four-fold with smaller mining companies accounting for 30-50 per cent of such expenditure in the last decade. As against this, the Indian mining sector’s exploration spend is one of the lowest in the world.
- As with governments worldwide, the Indian Government is reforming the mining sector by creating a favourable environment and making provisions for suitable infrastructure and human capital.

**Past performance**

The performance of the Indian mining sector in the past has been hamstrung by low exploration spending and tapping of surface deposits; delays in securing mining leases (5-6 years or even more) whereas India takes about a year in Australia; logistic difficulties (5-6 years or even more) whereas India takes about a year in Australia; logistic difficulties leading to mining sector losses of $2 billion per year ($500 million). Besides, adopting technologies in exploration, mining and mineral processing is a challenge in India.

**Time for policy changes**

The new mineral policy of 2008 has introduced increased transparency in allocation of concessions. Its thrust is clearly on building infrastructure for mining and promoting R&D in minerals and human resource development.

The Mines and Minerals (Development and Regulation) Bill, 2011, which has already received Cabinet approval, has introduced an ‘open sky’ policy by allowing non-exclusive reconnaissance permits. Besides, prospecting licences/mining leases will be auctioned for known mineralisation areas.

The Bill will also reduce the time limit for disposal of applications by 50 per cent. Among others, a notable provision relates to the creation of a new composite licence for high technology-based reconnaissance and prospecting for deeper mineral deposits. This is expected to encourage investment and technology flows into the under-utilised mining sector.

**Sustainable mining and development**

The Ministry’s strategy paper also calls for an effective Sustainability Development Framework which would seek to achieve the following:
- Improve the regulatory system in the Indian Bureau of Mines for approval and monitoring of mining plans
- Enforce critical components of sustainability through regulatory changes. For instance, increase financial commitment for mine closure and link it to post-closure rehabilitation cost (the financial guarantee in Quebec is 70 per cent of the post-closure cost)
- Promote large-scale mining through creation of SPVs similar to UMPP for large-scale power projects
- Incentivise private sector R&D in mineral beneficiation and processing so as to utilise lower grades and extract important by-product metals such as Mo, Co, Ni, platinum group elements, and rare earth elements
- Award companies which outperform on sustainability, similar to the Golden Gecko Award in western Australia
- Provide best practice case studies and flesh out concepts for implementation

The Indian mineral sector has the potential to accelerate the pace of development of our economy besides generating higher employment and incomes for the economically backward communities of our mineral-rich States. In addition, it can contribute $55-70 billion of revenue to the Central and State Governments in the form of corporate tax, royalty and export duty collections by 2035 around 50 per cent of the combined fiscal deficit of the Central and State Governments.
Copper falls on speculation prices rose too high last week

Bloomberg
Jan. 30
Copper fell for a second day in London on speculation prices climbed too high last week when markets were closed in China, the world's biggest consumer of the metal.

Copper for three-month delivery declined 1.7 per cent to $8,379 a tonne by 16:21 a.m. on the London Metal Exchange. Copper for March delivery fell 2.1 per cent to $3,807.5 a pound on the COMEX in New York.

Managed-money funds raised net-long positions, or wagers on rising copper prices, to 7,321 futures and options contracts as of Jan. 24 from 4,775 a week earlier, according to the US Commodity Futures Trading Commission. Nickel for three-month delivery on the LME slid 1.8 per cent to $21,306 a tonne.

Aluminium declined to $2,231 a tonne and zinc fell to $2,111 a tonne. Lead dropped 1.5 per cent to $2,259.50 a tonne and tin slid 1.4 per cent to $24,050 a tonne.